

1939

ONE HUNDRED
AND SEVENTH
ANNUAL REPORT



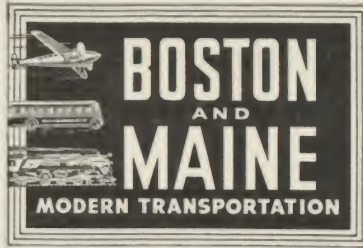
MOUNTAIN (4-8-2) TYPE LOCOMOTIVE
For Fast, Heavy Freight or Passenger Service
Total Weight Engine 417,750 lbs.
Total Weight Tender 369,100 lbs.
Tender Capacity 21 tons Coal 20,000 gals. Water

8 STRAWBOARDS

652.0973

B. 6572

YEAR ENDED
DECEMBER 31, 1939



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DIRECTORS

PHILIP R. ALLEN, E. Walpole, Mass.	JAMES GARFIELD, Cambridge, Mass.
ROGER AMORY, Boston, Mass.	ALDUS C. HIGGINS, Worcester, Mass.
LOUIS M. ATHERTON, Swampscott, Mass.	ERNEST M. HOPKINS, Hanover, N. H.
HUGH J. CHISHOLM, Portland, Maine	LOUIS K. LIGGETT, Newton, Mass.
WILLIAM DEXTER, Lancaster, Mass.	JOHN R. McLANE, Manchester, N. H.
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HARRY H. DUDLEY, Concord, N. H.	ROY L. PATRICK, Burlington, Vt.
FREDERIC C. DUMAINE, Jr., Weston, Mass.	W. RODMAN PEABODY, Milton, Mass.
REGINALD FOSTER, Manchester, Mass.	WILLIAM B. SKELTON, Lewiston, Me.
EDWARD S. FRENCH, Springfield, Vt.	J. DUNCAN UPHAM, Claremont, N. H.
WILLIAM D. WOOLSON, Springfield, Vt.	

OFFICERS

President and Chairman of Executive Committee	EDWARD S. FRENCH
Vice-President and Clerk of Corporation	ARTHUR B. NICHOLS
Vice-President—Finance and Accounting	W. S. TROWBRIDGE
Vice-President and General Manager	J. W. SMITH
Vice-President — Purchases and Stores	A. W. MUNSTER
Vice-President — Traffic	J. W. RIMMER
Treasurer	E. J. GALLAGHER
General Counsel	W. A. COLE
Chief Engineer	W. F. CUMMINGS

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 17 Court Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.

BOSTON AND MAINE RAILROAD

To the Stockholders of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith the report for the year ended December 31, 1939.

INCOME ACCOUNT— CONDENSED

	1939	Increase or Decrease	Per Cent.
Operating Revenue.....	\$46,341,081 84	\$6,148,055 57	15.30
Operating Expenses.....	33,133,912 64	379,078 62	1.16
Net Revenue from Operation.....	\$13,207,169 20	\$5,768,976 95	77.56
Railway Tax Accruals.....	3,519,723 12	D 188,562 10	5.08
Railway Operating Income.....	\$ 9,687,466 08	\$5,957,539 05	159.72
Equipment and Jt. Fac. Rents—Net Dr.....	2,732,303 69	256,563 38	10.36
Net Railway Operating Income.....	\$ 6,955,142 39	\$5,700,975 67	454.56
Other Income.....	1,197,321 77	20,066 96	1.70
Total Income.....	\$ 8,152,464 16	\$5,721,042 63	235.30
Deductions:			
Rentals Payment.....	\$ 1,236,987 79	D \$ 16,880 29	1.35
Interest on Debt.....	6,059,473 99	D 11,056 36	.18
Other Deductions.....	148,120 66	D 58,528 95	28.32
Net Income.....	\$ 707,881 72	\$5,807,508 23	—
Income Applied to Sinking and Other Reserve Funds	\$ 66,171 53	\$ 12,520 68	23.34
Balance.....	\$ 641,710 19	\$5,794,987 55	—

D Indicates decrease.

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1939, including full-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,126 shares, of a par value of \$104,612,600.

CHANGES IN FUNDED DEBT

Funded Debt on December 31, 1939 amounted to \$146,992,696.45, a decrease of \$2,324,220.04 since December 31, 1938. Of the total Funded Debt, \$33,392,000.00 is owned by the Railroad, leaving a balance of \$113,600,696.45 outstanding in the hands of the public.

New Issue:

Contract—Electro Motive Corporation.....	\$186,750 00
<i>Total Increase</i>	<u>\$186,750 00</u>

Matured Funded Debt Paid Off:

B. & M. R.R. Series N. N. 3% Bonds paid Jan. 1.....	\$200,000 00
Equipment Trust No. 4, 4½% Trust Certificate paid Apr. 1.....	125,000 00
Equipment Trust No. 5, 5% Trust Certificate paid May 1.....	114,000 00
Equipment Trust No. 6, 4% Trust Certificate paid June-Dec. 1..	176,000 00
Equipment Trust No. 7, 3½% Trust Certificate paid Dec. 1.....	300,000 00
Collateral Notes Series A 4% paid Mar. and Sept. 15.....	102,000 00
Collateral Notes Series B 4% paid Mar. and Sept. 15.....	248,000 00
Collateral Notes Series C 4% paid June and Dec. 1.....	172,000 00
Collateral Notes Series D 4% paid Apr. 15.....	200,000 00
Contract—Electro Motive Corporation.....	1,154 63
Contract—General Motors Acceptance Corporation.....	39,000 00
Contract—A. C. F. Motors.....	15,996 00
Contract—Yellow Mfg. Co.....	5,832 00
Contract—Bethlehem Steel Corporation.....	270,000 00
Contract—Lima Loco. Works.....	84,166 68
Contract—Baldwin Loco. Works.....	105,416 64
Contract—Pullman Standard Car Mfg. Co.....	135,160 72
Contract—General Motors Acceptance Corporation.....	25,312 68
Contract—Electro Motive Corporation.....	1,296 88
*Contract—New York State E. G. C. Projects.....	<u>190,633 81</u>
<i>Total Decrease</i>	<u>\$2,510,970 04</u>
<i>Net Decrease as above</i>	<u>\$2,324,220 04</u>

*Note: Balances outstanding as of January 1, 1939 for New York State "Elimination of Grade Crossing Projects" were transferred from Acct. 755 "Funded Debt Matured Unpaid" to Acct. 770 "Other Deferred Liabilities".

FEDERAL VALUATION

By an order of the Interstate Commerce Commission dated July 12, 1930, received February 13, 1931, the final value for rate-making purposes of the Boston and Maine System (excluding the St. Johnsbury & Lake Champlain Railroad and the Montpelier & Wells River Railroad) is fixed at \$230,897,118 as of June 30, 1914. This value brought up to date by adding the net Additions and Betterments since June 30, 1914, makes the value December 31, 1939, \$293,902,700. This does not include value of non-carrier property.

FREIGHT TRAFFIC

The movement of freight traffic as a whole showed improvement over 1938 throughout the year.

Labor disputes in the bituminous coal fields during April and May resulted in a falling off in shipments during those months, but that decrease was made up during the balance of the year with the full year's figures showing better than 16% increase in both ex-water and all-rail bituminous. Our movement of

anthracite was the heaviest since 1935. This is interesting and significant as indicating a change, whether permanent or temporary, in the trend toward the use of other fuels in our territory.

In the early part of 1939 there was a pronounced decrease in the number of animals received by western packing houses, with the result that the shortage of meat, particularly beef, and consequent higher prices, reduced consumer demand and in turn reduced the amount of packing house products shipped. This condition materially improved during the last half of the year, so that our traffic in this commodity was in larger volume than usual. For the year our total carloads handled increased 12.7%.

Just before the close of the year permission was received from the Interstate Commerce Commission to publish, on short notice, some lower rates on potatoes from producing points in Northern and Eastern Maine to South Atlantic ports via Portland and Boston, in an effort to meet the competition of unregulated water lines operating in conjunction with truck movement from points of origin to State of Maine ports. These rates went into effect on January 20, 1940, and should be of benefit to the industry and the railroads during the current shipping season.

We have recovered a substantial volume of general traffic from highway and waterway competitors through reductions in rates and improvement in service.

In November, 1939, the Interstate Commerce Commission, by a 5 to 4 decision, ordered a reduction in rates on many commodities moving from the South into Northern territory after complaint filed in 1937 by the Governors of most of the Southeastern states. The railroads in the North, including your company, vigorously opposed the complaint and have asked the Commission to reconsider its decision. In this request the railroads have received the active support of commercial bodies and public officers in this territory, including the Governors of the New England states.

PASSENGER TRAFFIC

Passenger revenues in 1939 showed a small increase over the preceding year, and except for 1937 was the best passenger year since 1932. Improvement was distributed over all classes of tickets except the commuter classification. The 3-day round trip coach rate of 2c. per mile, which was referred to in our 1938 Report, was continued throughout 1939, and we believe it has been effective in constantly increasing this class of business.

In July 1939, we instituted sale of a 60-day limit round trip coach ticket at $2\frac{1}{4}$ cents per mile. In order to make train riding more attractive to those who had been using other means of transportation, we felt that a longer limit ticket was necessary. This form of ticket has been in general use in New England and was well received.

However, by order of the Interstate Commerce Commission, coach fares will revert to a flat 2 cents per mile basis within all Eastern territory on March 24,

1940. Because of our many round trip experiments, it is not felt that the lower basic fares will materially affect our revenues.

There is no diminution in highway competition and experiments with various rates must be continued until the proper basis can be found to attract to the rails at least some part of the travel which now uses the highways.

Our Diesel-electric unit No. 6000 (now widely known as "The Flying Yankee") has been inadequate, because of limited seating capacity, to take care of passenger requirements during the summer between Boston, Mass., and Portland and Bangor, Maine. It was therefore withdrawn from that service from June 23 to September 9, and transferred, under the name of "The Mountaineer", to service between Boston, Mass., and Whitefield, N. H., via Intervale and the scenic Crawford Notch. It is the purpose to continue "The Mountaineer" during the coming summer, as it provides a fast, comfortable and attractive service between Boston and the White Mountain resort area.

MILK TRAFFIC

Milk revenues decreased \$196,598.55 or 18.09% below 1938. Subsequent to the 1938 hurricane and floods a considerable loss to highway trucks developed, and early in 1939 it became evident that, in order to prevent further inroads and to recapture our losses, a rate reduction was necessary. After conference with other New England lines a general readjustment downward was made effective on July 1. Indications are that not only was the diversion stopped, but the new rates might well contribute to certain recaptures of business previously lost. During the latter part of 1939 experimentation was begun with a rail-highway vehicle. Considerable interest in the service afforded by such equipment has resulted, and it is hoped within a short time new accounts will be secured through its use.

TAXES

Tax accruals of railroads in the United States in 1939 amounted to \$1,000,000 per day—\$365,000,000 for the year.

Taxes paid by your company in 1939 under the provisions of the Railroad Retirement Act amounted to \$592,231.58, an increase of \$4,649.79 over similar payments in 1938. Up to December 31, 1939, the total number of annuities granted by the Railroad Retirement Board to Boston and Maine employees was 2055, in addition to taking over in 1937, under the provisions of the Retirement Act, 570 then living former employees who had been receiving pension allowances from the Railroad.

Beginning January 1, 1940, the assessment against employer and employee under the Retirement Act increases from $2\frac{3}{4}\%$ of the first \$300 of each employee's monthly earnings, to 3%, and it is estimated that this increase will result in annual additional cost to the Railroad of approximately \$54,000. The 3% rate remains constant through 1940, 1941 and 1942.

Under the unemployment insurance provisions of the Social Security Act, the Railroad paid in 1939 a total of \$649,340.58, as compared with \$654,533.03 paid for the similar purpose in 1938.

OPERATING RESULTS

The march toward greater efficiency was temporarily halted during 1938 because of hurricane and flood damage, but with more normal conditions and the substantial rise in volume of freight traffic in 1939, four new operating records were made.

Gross Ton Miles per Train Hour at 27,186 compares with 26,675, the previous high record made in 1937. This was accomplished by a new high average gross train load of 1,971 tons transported at an average speed equal to the best previous record.

Net Ton Miles per Car Day is an index showing the efficient utilization of freight cars as related to the paying freight. One of the factors that produces this unit is Car Miles per Car Day, which, at 33.2, shows an increase of about 11% over the previous best record of 29.8 made in 1937.

The ability to produce more work per pound of coal consumed in freight service continues. The years 1938 and 1937 at 101 pounds of coal per 1,000 Gross Ton Miles had heretofore shown the best performance in the history of the Railroad. The consumption for 1939, however, dropped below 100 for the first time and established a new record at 99 pounds.

Conservation of fuel is of great importance because of the large quantities purchased and charged to expense of transportation. Furthermore, the cost per ton is higher in New England than in most other parts of the country because of the distance from producing mine areas. This index of locomotive efficiency is, therefore, one that requires and receives day to day consideration.

The gain in average miles per day per serviceable passenger locomotive that has been evident in recent years produced a new high record in 1939 at 120.8 miles per day as compared with 117.7 miles per day made in 1938.

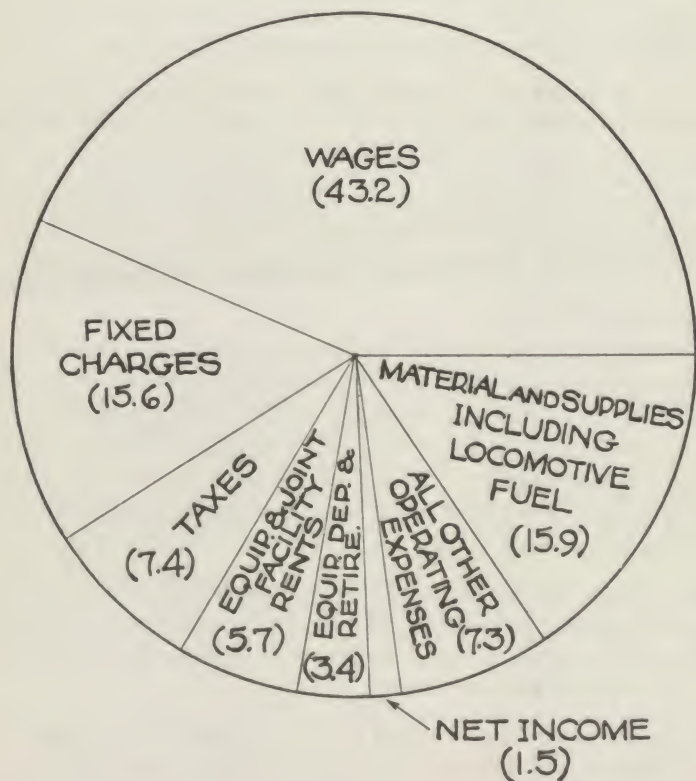
ADDITIONS AND BETTERMENTS

New 112-pound rail was installed between East Kingston and Newfields, N. H., in the outward track of the main line of the Portland Division.

Grade crossing eliminations were made, or are in progress at,

Rollinsford, N. H.	4 crossings abolished	(Federal project)
Tewksbury, Mass.	1 crossing	" "
Bernardston, Mass.	1 " "	" "
Buckland, Mass.	2 crossings	by closing through agreement with the Commonwealth
Charlemont, Mass.	1 crossing	by closing through agreement with the Town.

BOSTON AND MAINE RAILROAD
YEAR 1939
DISPOSITION OF THE RAILROAD DOLLAR



At West Valley Falls, N. Y., a heavily travelled grade crossing was eliminated by the construction of an overhead highway bridge as a New York State project.

An extensive program of riprapping was carried out on embankments affected by the 1938 flood, and at Chicopee and Northampton, Mass., on the Connecticut River, "Stop Logs," which permit barricades to be placed across the tracks during floods, were erected in connection with Federal Flood Control work.

Five track bridges and six culverts were rebuilt, and masonry work was done at four other bridges. New overhead bridges to replace old bridges were built at two points as Federal projects.

One overhead bridge was rebuilt by the Commonwealth of Massachusetts.

One overhead bridge was rebuilt at Railroad expense, and two others were retired after purchasing the rights in them.

To improve highway crossing protection automatic flasher signals were installed at four crossings, of which one was a Federal project.

Flashers and automatic crossing gates were installed, also as a Federal project, at one crossing, and additional back lights, bells and track signs were put in at other crossings.

Signal changes were made at North Cambridge, Mass., to provide for centralized train control by Waltham Signal Tower.

Filling of trestle work in Boston Terminal yard was continued—a small amount being done yearly.

The presence of marine borers in the waters of Boston Harbor, evidence of which was observed in 1934, constitutes a serious threat to our waterfront properties. The activity and extent of attack of the various organisms, particularly the *Teredo* and *Limnoria*, have been under constant observation through the use of submerged test boards. The attack is increasing with a change in condition of harbor waters because of reduction in the amount of sewage therein, due in part to increase in use of outfall sewer systems.

Constant inspection of piling has been maintained both above and below the water line. Conditions revealed have already required a considerable expenditure for the replacement of piles and substantial expenditures will probably be required during 1940 and in the future.

Three new heavy Mountain Type locomotives were purchased, one of which was delivered during the year and the other two in January, 1940. During the year, four additional 600 horse-power Diesel switching engines were added to our fleet of nine already in service. The use of this new power will be productive of substantial economies.

A new blacksmith shop in the Car Shop plant at Concord, N. H., has been built in place of the one destroyed by the 1938 hurricane.

The relatively high price for scrap metal has made it possible and profitable to scrap much used rail and fittings, as well as unneeded sidetracks. Sales during

the year amounted to 54,996 tons, for which the company received \$985,979 in addition to receiving a substantial revenue from its transportation.

The Mount Washington Railway has operated a cog railroad from the Base to the Summit of Mt. Washington, in New Hampshire, since 1872 at which time it was the only railroad of that type in this country. It came into the Boston and Maine System in 1895 through the lease by the latter of The Concord & Montreal Railroad. In 1919, when The Concord & Montreal was consolidated with the Boston and Maine, the Boston and Maine became the owner of the capital stock of the Mt. Washington Railway. Some years ago the Directors of the Boston and Maine adopted a policy of disposing of its interests in investments in properties not strictly related to the operation of its railroad; and in accordance with that policy, in 1931 a contract was made for the operation of the Railway and the sale of its stock. This sale was consummated in 1939.

REFINANCING COMPANY'S DEBT

Bond maturities during the next five years have caused much concern to be expressed as to the ability of the Railroad to avoid reorganization under Section 77 of the Bankruptcy Act or other court proceedings. In the past ten years, except in 1936 and 1938 which were years of flood and disaster, your property has earned its fixed charges. Maturing obligations have been met partly from reserves but mainly from borrowings.

The experience of other railroads indicates that proceedings under Section 77 of the Bankruptcy Act or in receivership would be long and expensive with resulting confusion and decline in market value of securities and might result in suspension of all interest payments for an indefinite period. Reorganization under these conditions might also result in partly or entirely eliminating the equity of the present stockholders.

Consequently the Railroad has presented to its bondholders a Plan of Exchange, worked out with the help of some of its larger bondholders, banks who hold secured notes, and the officers of Reconstruction Finance Corporation. This federal agency, under the direction of Mr. Jesse H. Jones, Federal Loan Administrator, while no longer willing to loan your company money as heretofore, has agreed to purchase under certain conditions \$40,750,000 of new First Mortgage Bonds, issued under the Plan of Exchange, which effectively rearranges the debt structure of the Railroad, resets the maturities, and provides for a reduction of fixed interest charges.

The general conditions of the loan from Reconstruction Finance Corporation are that the banks holding \$5,500,000 of the Road's secured notes shall agree to

take new First Mortgage Bonds in satisfaction of their indebtedness; that certain of the contracts with leased lines, no longer profitable to the company, shall be rearranged to the advantage of the lessee company, and that substantially all the bondholders of the Road shall agree to the Plan of Exchange offered.

The Plan provides that if the above conditions can be met, the \$40,750,000 received from R.F.C. shall be used to the extent of \$14,750,000 for the retirement of loans now held by R.F.C., and that up to \$26,000,000 may be used to provide a cash option for distribution to bondholders as one of the conditions of the Plan.

The Plan provides that each holder of \$1,000 principal amount of the bonds of your railroad shall receive two bonds,—(1) \$500 new First Mortgage Bond, 4%, due 1960, and (2) one \$500 new Income Mortgage Bond, 4½%, due 1970. The bondholders may elect to take cash to the extent that it is available out of the \$26,000,000 in lieu of the First Mortgage Bonds. The minimum amount of cash available for each \$1,000 bond will be \$250, in which case the holder will also receive a \$250 First Mortgage Bond, and a \$500 Income Mortgage Bond; the maximum will be \$500 cash, in which case the holder will also receive a \$500 Income Mortgage Bond. Thus, to the extent that cash is increased beyond \$250, the amount of First Mortgage Bonds will be reduced correspondingly below \$250.

The Plan provides that the interest on the First Mortgage Bonds shall be fixed, and that the interest on the Income Bonds shall be cumulative to the extent of 4%, and must be paid, if earned, after 1940.

Immediately on the presentation of the Plan to your bondholders the officers of the railroad began the solicitation of assents to the provisions of the Plan from the 12,000 holders of nearly \$104,000,000 of bonds in the hands of the public. While 70% of these bonds are held in New England, the remaining 30% are widely scattered throughout all the other states of the Union and some foreign countries.

The newspapers and financial publications have been extremely helpful in the dissemination of information in regard to the Plan, and their comments have been almost wholly favorable to its consummation, as have those of various interested individuals. Many committees and institutions have offered their assistance to the Railroad and their help has been gratefully accepted.

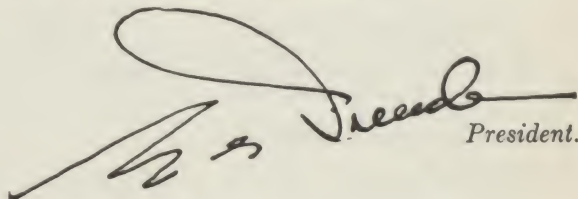
The response up to this time has been gratifying. The holders of the secured notes mentioned above have agreed to take First Mortgage Bonds in satisfaction of their notes. The negotiations are proceeding with the leased lines affected by the R.F.C.'s conditions. The Railroad is daily receiving assents to the Plan from its bondholders and the voluntary nature of the proceedings seems to point the way to a new method of railroad refinancing, which will leave your Railroad, if the Plan is consummated, without an important debt maturity for 20 years. The bonded debt of the company will be reduced from \$136,746,500 to about \$124,000,000. Our experience over the last 10 years assures earnings enough to meet the interest on the First Mortgage Bonds, to provide a fund for capital improvements of not less than \$1,000,000 annually, to pay a 1% sinking fund

on the First Mortgage Bonds, to pay the interest on the Income Mortgage Bonds, and to provide a sinking fund to the amount of 1% on the latter issue.

At the Annual Meeting of the Stockholders on April 10, 1940, they will be asked to give the necessary authority to carry out the Plan, a brief outline of parts of which is given above including the issue of the new First Mortgage Bonds and Income Mortgage Bonds necessary to retire the company's present issues of bonds and its secured loans.

The company desires to publicly acknowledge its appreciation of the continued good will and support of its customers and the whole-hearted co-operation of its entire organization during the year.

By order of the Board of Directors,

A handwritten signature in dark ink, appearing to read "H. S. Freed", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.

President.

February 27, 1940.

CONDENSED GENERAL BALANCE SHEET — Assets

	Dec. 31, 1939	Dec. 31, 1938
ROAD AND EQUIPMENT		
Investment in Road.....	\$181,678,582 74	\$183,815,285 86
Investment in Equipment.....	49,422,413 67	54,835,732 71
<i>Total</i>	\$231,100,996 41	\$238,651,018 57
Improvements on Leased Railway Property†.....	16,452,709 57	16,277,361 83
Deposits in Lieu of Mortgaged Property Sold.....	694,011 46	644,253 53
Miscellaneous Physical Property.....	2,510,595 92	2,560,881 73
Investments in Affiliated Companies.....	4,845,686 84	5,014,498 93
Other Investments.....	2,610,217 33	2,553,986 66
<i>Total Investments</i>	\$258,214,217 53	\$265,702,001 25
CURRENT ASSETS		
Cash.....	\$4,126,276 62	\$2,471,305 00
Cash in Transit—Agents' Remittances.....	336,755 15	293,531 74
Time Drafts and Deposits.....	53,000 00	53,000 00
Special Deposits.....	746,393 52	829,712 90
Loans and Bills Receivable.....	7,153 00	666 68
Traffic and Car Service Balances Receivable.....	883,958 13	722,333 37
Net Balance Receivable from Agents and Conductors.....	720,802 26	574,051 34
Miscellaneous Accounts Receivable.....	1,767,555 96	1,812,021 74
Material and Supplies.....	3,334,285 25	3,072,205 67
Interest and Dividends Receivable.....	91,929 17	86,158 33
Rents Receivable.....	150,690 00	139,160 00
Other Current Assets.....	3,393 78	5,321 66
<i>Total Current Assets</i>	\$12,222,192 84	\$10,059,468 43
DEFERRED ASSETS		
Working Fund Advances.....	\$9,691 61	\$9,853 06
Insurance and Other Funds.....	1,193,945 34	1,087,054 44
Other Deferred Assets.....	943,706 63	825,366 21
<i>Total Deferred Assets</i>	\$2,147,343 58	\$1,922,273 71
UNADJUSTED DEBITS		
Insurance Premiums Paid in Advance.....	\$33,232 35	\$53,269 55
Discount on Funded Debt.....	2,667,648 90	2,780,092 96
Other Unadjusted Debits.....	436,643 78	1,314,726 00
Securities Issued or Assumed — Unpledged.....	258,900 00	741,000 00
Securities Issued or Assumed — Pledged.....	32,341,100 00	31,670,000 00
<i>Total Unadjusted Debits</i>	\$35,737,525 03	\$36,559,088 51
<i>Grand Total</i>	\$308,321,278 98	\$314,242,831 90

† Does not include improvements on property of affiliated companies nor on leased roads when leases provide for current settlement.

CONDENSED GENERAL BALANCE SHEET — Liabilities

	Dec. 31, 1939	Dec. 31, 1938
CAPITAL STOCK		
Common Stock — 395,051 Shares.....	\$39,505,100 00	\$39,505,100 00
Preferred Stock — 31,498 Shares.....	3,149,800 00	3,149,800 00
First Preferred Stock — 388,192 Shares.....	38,819,200 00	38,817,900 00
Prior Preference Stock (Includes Negotiable Receipts).....	23,138,500 00	23,138,500 00
<i>Total Capital Stock</i>	<i>\$104,612,600 00</i>	<i>\$104,611,300 00</i>
Stock Liability for Conversion.....	1,700 00	3,000 00
Premiums on Capital Stock.....	4,227,040 14	4,227,040 14
<i>Total Capital Stock and Premiums</i>	<i>\$108,841,340 14</i>	<i>\$108,841,340 14</i>
Grants in aid of Construction.....	\$17,252 22	\$17,252 22
LONG TERM DEBT		
Funded Debt Unmatured.....	\$144,687,500 00	\$146,324,500 00
Miscellaneous Obligations.....	2,305,196 45	2,992,416 49
<i>Total Long Term Debt</i>	<i>\$146,992,696 45</i>	<i>\$149,316,916 49</i>
CURRENT LIABILITIES		
Loans and Bills Payable.....	\$16,467,130 43	\$15,063,834 81
Traffic and Car Service Balances Payable.....	2,070,457 58	2,162,855 86
Audited Accounts and Wages Payable.....	4,747,540 03	4,949,731 89
Miscellaneous Accounts Payable.....	377,950 63	482,669 34
Interest Matured Unpaid.....	391,417 00	396,914 50
Dividends Matured Unpaid.....	12,972 31	12,972 31
Funded Debt Matured Unpaid.....	800 00	800 00
Unmatured Interest Accrued.....	1,371,765 91	1,357,310 72
Unmatured Rents Accrued.....	272,104 17	161,756 30
Other Current Liabilities.....	4,063 43	914 17
<i>Total Current Liabilities</i>	<i>\$25,716,201 49</i>	<i>\$24,589,759 90</i>
DEFERRED LIABILITIES		
Due to Leased Roads at Expiration of Leases.....	\$209,988 70	\$209,988 70
Other Deferred Liabilities.....	325,262 33	34,790 97
<i>Total Deferred Liabilities</i>	<i>\$535,251 03</i>	<i>\$244,779 67</i>
UNADJUSTED CREDITS		
Tax Liability.....	\$940,655 95	\$939,639 09
Insurance and Casualty Reserves.....	764,297 58	805,909 84
Accrued Depreciation — Road.....	201,361 57	196,872 61
Accrued Depreciation — Equipment.....	18,734,981 22	22,191,253 09
Accrued Depreciation — Miscellaneous Physical Property..	716,100 01	668,654 68
Other Unadjusted Credits.....	1,040,017 11	1,228,822 40
<i>Total Unadjusted Credits</i>	<i>\$22,397,413 44</i>	<i>\$26,031,151 71</i>
CORPORATE SURPLUS		
Additions to Property through Income since June 30, 1907	\$2,469,308 47	\$2,431,791 72
Funded Debt Retired through Income and Surplus.....	3,848,000 00	3,848,000 00
Miscellaneous Fund Reserves.....	519,032 78	377,883 05
<i>Total Appropriated Surplus</i>	<i>\$6,836,341 25</i>	<i>\$6,657,674 77</i>
Profit and Loss — Balance.....	D 3,015,217 04	D 1,456,043 00
<i>Total Corporate Surplus</i>	<i>\$3,821,124 21</i>	<i>\$5,201,631 77</i>
<i>Grand Total</i>	<i>\$308,321,278 98</i>	<i>\$314,242,831 90</i>
BONDS GUARANTEED		
The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944.....		\$1,328,000 00
Concord & Claremont, N. H., R.R. First Mortgage 5% Bonds, due January 1, 1944.....		500,000 00
The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1941, owned by Boston and Maine Railroad.....		100,000 00
		\$1,928,000 00

D Indicates Debit Balance.

INCOME ACCOUNT

	Year Ended Dec. 31, 1939	Increase or Decrease	Per cent
TRANSPORTATION REVENUE,			
Freight.....	\$33,193,561 98	\$5,581,397 78	20.21
Passenger.....	7,093,916 27	54,343 77	0.77
Excess Baggage.....	7,393 55	D 794 92	9.71
Mail.....	1,410,212 88	66,007 09	4.91
Express.....	796,105 20	213,439 46	36.63
Other Passenger Train.....	279,949 64	2,698 56	0.97
Milk.....	890,314 72	D 196,598 55	18.09
Switching.....	595,096 78	89,753 71	17.76
Water Transfers — Freight.....	7,224 61	D 98 53	1.35
<i>Total Transportation Revenue.....</i>	<i>\$44,273,775 63</i>	<i>\$5,810,148 37</i>	<i>15.11</i>
INCIDENTAL REVENUE,			
Dining and Buffet.....	\$61,853 06	D \$2,498 94	3.88
Hotel and Restaurant.....	—	D 4,427 35	100.00
Station and Train Privileges.....	180,764 84	2,697 95	1.52
Parcel Room.....	14,747 89	D 698 84	4.52
Storage — Freight.....	76,817 04	D 31,899 62	29.34
Storage — Baggage.....	2,338 64	D 185 34	7.34
Demurrage.....	186,913 05	63,926 52	51.98
Telegraph and Telephone.....	16,045 00	38 40	0.24
Grain Elevator.....	16,309 13	15,695 40	—
Power.....	52,460 06	3,197 46	6.49
Rents of Buildings and Other Property.....	609,306 83	62,263 98	11.38
Miscellaneous.....	633,524 81	182,891 31	40.59
<i>Total Incidental Revenue.....</i>	<i>\$1,851,080 35</i>	<i>\$291,000 93</i>	<i>18.65</i>
Joint Facility — Cr.....	\$218,714 90	\$47,037 98	27.40
Joint Facility — Dr.....	2,489 04	131 71	5.59
<i>Total Joint Facility Operating Revenue.....</i>	<i>\$216,225 86</i>	<i>\$46,906 27</i>	<i>27.70</i>
<i>Total Operating Revenues.....</i>	<i>\$46,341,081 84</i>	<i>\$6,148,055 57</i>	<i>15.30</i>
OPERATING EXPENSES,			
Maintenance of Way and Structures.....	\$5,434,908 11	D \$955,722 97	14.96
Maintenance of Equipment.....	6,895,925 09	727,003 07	11.78
Traffic.....	778,612 65	989 39	0.13
Transportation.....	18,201,151 99	651,138 04	3.71
Miscellaneous Operations.....	94,798 79	5,610 81	6.29
General.....	1,733,686 85	D 49,860 01	2.80
Transportation for Investment — Cr.....	5,170 84	79 71	1.57
<i>Total Operating Expenses.....</i>	<i>\$33,133,912 64</i>	<i>\$379,078 62</i>	<i>1.16</i>
<i>Operating Ratio.....</i>	<i>(71.50%)</i>	<i>D (9.99%)</i>	<i>—</i>
<i>Net Operating Revenue.....</i>	<i>\$13,207,169 20</i>	<i>\$5,768,976 95</i>	<i>77.56</i>
TAX ACCRUALS.....	\$3,519,723 12	D \$188,562 10	5.08
<i>Operating Income (carried forward).....</i>	<i>\$9,687,446 08</i>	<i>\$5,957,539 05</i>	<i>159.72</i>

D Indicates decrease.

INCOME ACCOUNT — *Concluded*

	Year Ended Dec. 31, 1939	Increase or Decrease	Per cent
<i>Operating Income (brought forward)</i>	\$9,687,446 08	\$5,957,539 05	159.72
Rent from Locomotives.....	\$19,120 85	\$10,384 82	118.82
Rent from Passenger Train Cars.....	292,700 54	13,669 54	4.90
Rent from Work Equipment.....	45,793 54	22,617 73	97.59
Joint Facility Rent Income.....	330,675 78	D 16,329 87	4.71
<i>Total Rent Income</i>	\$688,290 71	\$30,342 22	4.61
Hire of Freight Cars — Debit Balance.....	\$2,408,758 15	\$205,473 26	9.33
Rent for Locomotives.....	9,743 37	1,414 23	16.98
Rent for Passenger Train Cars.....	470,080 03	47,324 00	11.19
Rent for Floating Equipment.....	819 86	D 461 08	36.00
Rent for Work Equipment.....	16,383 95	D 9,148 94	35.83
Joint Facility Rents.....	514,809 C4	42,304 13	8.95
<i>Total Rents Payable</i>	\$3,420,594 40	\$286,905 60	9.16
<i>Net Rents Payable</i>	\$2,732,303 69	\$256,563 38	10.36
<i>Net Railway Operating Income</i>	\$6,955,142 39	\$5,700,975 67	454.56
OTHER INCOME			
Income from Lease of Road and Equipment.....	\$318,358 26	D \$9,146 74	2.79
Miscellaneous Rent Income.....	312,773 26	D 12,570 45	3.86
Miscellaneous Nonoperating Physical Property.....	111,249 21	35,028 62	45.96
Dividend Income.....	55,511 00	D 6,561 50	10.57
Income from Funded Securities.....	124,390 80	9,351 28	8.13
Income from Unfunded Securities and Accounts.....	166,894 59	D 16,998 02	9.24
Income from Sinking and Other Reserve Funds.....	66,605 70	11,817 35	21.57
Miscellaneous Income.....	41,538 95	9,146 42	22.38
<i>Total Other Income</i>	\$1,197,321 77	\$20,066 96	1.70
<i>Total Income</i>	\$8,152,464 16	\$5,721,042 63	235.30
MISCELLANEOUS DEDUCTIONS FROM INCOME,			
Miscellaneous Rents.....	\$6,887 94	D \$3,834 39	35.76
Miscellaneous Tax Accruals.....	25,644 82	9,456 82	58.42
Separately Operated Properties — Loss.....	2,557 43	D 67,557 43	—
Miscellaneous Income Charges.....	10,317 06	D 265 91	2.51
<i>Total Miscellaneous Deductions</i>	\$40,292 39	D \$62,200 91	60.69
<i>Income Available for Fixed Charges</i>	\$8,112,171 77	\$5,783,243 54	248.32
FIXED CHARGES,			
Rent for Leased Roads.....	\$1,230,099 85	D \$13,045 90	1.05
Interest on Funded Debt.....	5,328,785 14	D 115,518 82	2.12
Interest on Unfunded Debt.....	730,688 85	104,462 46	16.68
Amortization of Discount on Funded Debt.....	114,716 21	D 162 43	0.14
<i>Total Fixed Charges</i>	\$7,404,290 05	D \$24,264 69	0.33
<i>Net Income</i>	\$707,881 72	\$5,807,508 23	—
Income Applied to Sinking and Other Reserve Funds.....	\$66,171 53	\$12,520 68	23.34
<i>Total Appropriations of Net Income</i>	\$66,171 53	\$12,520 68	23.34
<i>Balance Transferred to Profit and Loss</i>	\$641,710 19	\$5,794,987 55	—

D Indicates decrease.

OPERATING EXPENSES

	Year Ended Dec. 31, 1939	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence.....	\$401,340 55	D \$39,956 59
Roadway Maintenance.....	442,329 41	D 492,108 21
Tunnels and Subways.....	12,008 85	D 5,810 54
Bridges, Trestles and Culverts.....	279,949 30	D 203,069 94
Ties.....	410,511 82	D 25,749 96
Rails.....	84,875 49	D 16,281 44
Other Track Material.....	263,770 42	D 31,465 56
Ballast.....	63,579 97	D 10,890 37
Track Laying and Surfacing.....	1,318,001 84	D 260,991 70
Fences, Snowsheds and Signs.....	25,549 28	D 4,253 95
Station and Office Buildings.....	303,976 32	D 28,396 66
Station and Office Buildings — Depreciation.....	4,488 96	—
Roadway Buildings.....	18,615 07	1,692 16
Water Stations.....	40,087 87	D 3,923 38
Fuel Stations.....	32,469 75	6,354 49
Shops and Enginehouses.....	160,824 97	D 55,826 03
Grain Elevators.....	38,484 73	26,949 39
Storage Warehouses.....	332 94	D 150 97
Wharves and Docks.....	52,391 39	9,857 91
Coal and Ore Wharves.....	39,376 12	2,971 11
Telegraph and Telephone Lines.....	33,797 90	D 7,413 15
Signals and Interlockers.....	616,443 95	79,751 44
Power Plants.....	4,360 30	2,686 76
Power Transmission Systems.....	38,133 57	4,310 02
Miscellaneous Structures.....	367 61	13 96
Roadway Machines.....	84,194 59	30,896 06
Small Tools and Supplies.....	80,624 36	2,206 46
Removing Snow, Ice and Sand.....	314,687 68	D 5,991 23
Public Improvements — Maintenance.....	111,043 95	34,666 46
Injuries to Persons.....	27,449 39	D 18,308 69
Insurance.....	14,215 84	D 2,027 85
Stationery and Printing.....	5,595 27	1,316 33
Other Expenses.....	362 82	D 218 96
Maintaining Joint Tracks, Yards and Other Facilities — Dr.....	182,335 52	11,847 59
Maintaining Joint Tracks, Yards and Other Facilities — Cr.....	71,784 62	21,453 98
Right of Way Expenses.....	114 93	114 93
<i>Total Maintenance of Way and Structures.....</i>	\$5,434,908 11	D \$955,722 97
MAINTENANCE OF EQUIPMENT		
Superintendence.....	\$318,454 91	\$13,158 56
Shop Machinery.....	219,573 95	117,278 94
Power Plant Machinery.....	60,247 76	32,960 17
Steam Locomotives — Repairs.....	2,596,073 56	271,131 50
Other Locomotives — Repairs.....	104,293 60	35,096 37
Freight-Train Cars — Repairs.....	918,307 30	128,751 80
Passenger-Train Cars — Repairs.....	829,156 51	160,063 82
Floating Equipment Repairs.....	297 92	297 92
Work Equipment — Repairs.....	127,342 96	D 11,349 03
Miscellaneous Equipment — Repairs.....	11,337 74	832 85
Equipment — Retirements.....	94,738 42	51,449 62
Equipment — Depreciation.....	1,515,376 91	D 84,999 77
Injuries to Persons.....	43,467 40	6,922 61
Insurance.....	6,027 17	D 994 01
Stationery and Printing.....	7,010 33	2,517 20
Other Expenses.....	2,124 82	1,067 52
Maintaining Joint Equipment at Terminals — Dr.....	46,225 07	4,063 96
Maintaining Joint Equipment at Terminals — Cr.....	4,131 24	1,246 96
<i>Total Maintenance of Equipment.....</i>	\$6,895,925 09	\$727,003 07

D Indicates decrease.

OPERATING EXPENSES — *Continued*

	Year Ended Dec. 31, 1939	Increase or Decrease
TRAFFIC		
Superintendence.....	\$286,696 01	D \$9,419 12
Outside Agencies.....	265,247 27	D 845 24
Advertising.....	143,057 95	13,649 70
Traffic Associations.....	24,784 96	D 3,459 05
Industrial and Immigration Bureaus.....	13,416 54	87 59
Insurance.....	285 28	D 10 76
Stationery and Printing.....	43,704 31	D 403 83
Other Expenses.....	1,420 33	1,390 10
<i>Total Traffic</i>	\$778,612 65	\$989 39
TRANSPORTATION		
Superintendence.....	\$492,901 27	D \$9,695 55
Dispatching Trains.....	193,196 90	3,487 96
Station Employees.....	2,886,495 41	87,768 00
Weighing, Inspection and Demurrage Bureaus.....	17,953 00	2,040 67
Coal and Ore Wharves.....	92,863 59	27,511 81
Station Supplies and Expenses.....	271,580 96	11,546 91
Yardmasters and Yard Clerks.....	449,342 26	18,704 79
Yard Conductors and Brakemen.....	952,375 67	57,999 24
Yard Switch and Signal Tenders.....	170,914 60	D 740 90
Yard Enginemen.....	469,043 05	3,573 53
Yard Motormen.....	126,904 05	36,361 62
Yard Switching Fuel.....	408,585 34	18,494 06
Water for Yard Locomotives.....	16,678 39	936 49
Lubricants for Yard Locomotives.....	12,106 05	29 66
Other Supplies for Yard Locomotives.....	8,277 71	1,260 62
Enginehouse Expenses — Yard.....	109,903 05	3,383 18
Yard Supplies and Expenses.....	45,445 29	D 1,837 31
Operating Joint Yards and Terminals — <i>Dr.</i>	985,159 81	9,664 88
Operating Joint Yards and Terminals — <i>Cr.</i>	189,981 77	21,800 23
Train Enginemen.....	1,822,886 37	58,149 97
Train Motormen.....	85,195 70	D 3,239 26
Train Fuel.....	2,915,274 67	262,005 50
Train Power Purchased.....	106,184 32	4,894 53
Water for Train Locomotives.....	129,935 47	7,487 78
Lubricants for Train Locomotives.....	76,746 47	3,608 25
Other Supplies for Train Locomotives.....	39,163 23	2,518 18
Enginehouse Expenses — Train.....	640,040 60	11,997 52
Trainmen.....	2,344,104 46	24,881 53
Train Supplies and Expenses.....	782,277 24	10,179 28
Signal and Interlocker Operation.....	433,090 44	D 24,930 70
Crossing Protection.....	707,774 85	D 16,190 74
Drawbridge Operation.....	26,703 27	D 431 22
Telegraph and Telephone Operation.....	42,068 97	D 464 49
Operating Floating Equipment.....	10,188 54	1,748 53
Stationery and Printing.....	87,338 68	17,530 31
Other Expenses.....	15,092 07	62 77
Operating Joint Tracks and Facilities — <i>Dr.</i>	37,270 17	12,004 08
Operating Joint Tracks and Facilities — <i>Cr.</i>	41,612 84	80 84
Insurance.....	5,229 84	D 922 72
Clearing Wrecks.....	26,918 08	D 1,582 74
Damage to Property.....	15,016 05	1,859 21
Damage to Live Stock on Right-of-Way.....	2,218 81	676 16
Loss and Damage — Freight.....	212,021 80	4,669 91
Loss and Damage — Baggage.....	977 23	D 1,185 51
Injuries to Persons.....	159,302 87	27,203 32
<i>Total Transportation</i>	\$18,201,151 99	\$651,138 04

D Indicates decrease.

OPERATING EXPENSES — *Concluded*

	Year Ended Dec. 31, 1939		Increase or Decrease
MISCELLANEOUS OPERATIONS			
Dining and Buffet Service.....	\$82,329 21	<i>D</i>	\$4,284 53
Hotel and Restaurants.....	—	<i>D</i>	5,729 40
Grain Elevators.....	12,310 70		15,627 26
Other Miscellaneous Operations.....	158 88	<i>D</i>	2 52
<i>Total Miscellaneous Operations.....</i>	<i>\$94,798 79</i>		<i>\$5,610 81</i>
GENERAL			
Salaries and Expenses of General Officers.....	\$165,111 07	<i>D</i>	\$9,187 42
Salaries and Expenses of Clerks and Attendants.....	1,188,976 51	<i>D</i>	31,029 73
General Office Supplies and Expenses.....	101,354 36	<i>D</i>	2,175 91
Law Expenses.....	130,238 44	<i>D</i>	14,220 41
Insurance.....	705 34	<i>D</i>	29 97
Pensions.....	2,732 42	<i>D</i>	2,358 27
Stationery and Printing.....	34,749 36		3,594 48
Valuation Expenses.....	23,840 13		756 35
Other Expenses.....	73,071 77		4,345 69
General Joint Facilities — <i>Dr.</i>	12,907 45		445 18
General Joint Facilities — <i>Cr.</i>	—		—
<i>Total General.....</i>	<i>\$1,733,686 85</i>	<i>D</i>	<i>\$49,860 01</i>
Transportation for Investment — <i>Cr.</i>	\$5,170 84		\$79 71
<i>Total Operating Expenses.....</i>	<i>\$33,133,912 64</i>		<i>\$379,078 62</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(71.50%)</i>	<i>D</i>	<i>(9.99%)</i>

D Indicates decrease.

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1939

Item	Dr.	Cr.
Balance, December 31, 1938 (Debit).....	\$1,456,043 00	—
Credit Balance from Income Account for Year 1939	—	\$641,710 19
Profit on Road and Equipment Sold	—	14,375 05
Miscellaneous Credits.....	—	7,571 78
Loss on Retired Road and Equipment:		
Retirement of Road — So. Middleton to Wilmington, Ms.	85,871 73	—
Retirement of Road — Elmwood to Keene, N. H.	606,370 82	—
Retirement of Road — Wing Road to Base N. H.	424,554 05	—
Retirement of Road — Pepperell, Mass. to Milford, N. H.	193,496 87	—
Other Retirements — Various.....	791,289 86	—
Miscellaneous Debits.....	121,247 73	—
Balance, December 31, 1939—(Debit).....	—	3,015,217 04
<i>Totals.....</i>	<i>\$3,678,874 06</i>	<i>\$3,678,874 06</i>
<i>Balance to next year's account (Debit).....</i>	<i>\$3,015,217 04</i>	—

. ADDITIONS AND BETTERMENTS

Year Ended December 31, 1939

Road	Gross Expenditures	Net Capital Changes
1 Engineering.....	\$20,754 21	\$100,031 29
2 Land for Transportation Purposes.....	4,677 61	51,175 52
2½ Other Right-of-way Expenditures.....	771 59	771 59
3 Grading.....	135,113 36	222,890 31
5 Tunnels and Subways.....	—	1,540 00
6 Bridges, Trestles and Culverts.....	245,508 53	79,524 39
8 Ties.....	10,112 55	157,173 11
9 Rails.....	90,651 54	222,952 74
10 Other Track Material.....	74,362 77	103,224 59
11 Ballast.....	43,906 30	79,295 69
12 Track Laying and Surfacing.....	14,648 15	147,844 10
13 Fences, Snowsheds and Signs.....	188 98	15,572 70
15 Crossings and Signs.....	—	63,319 26
16 Station and Office Buildings.....	79,151 05	474,953 26
17 Roadway Buildings.....	520 87	3,290 79
18 Water Stations.....	9,948 81	3,442 55
19 Fuel Stations.....	3,226 60	2,482 07
20 Shops and Enginehouses.....	30,239 71	65,440 21
24 Coal and Ore Wharves.....	26,926 49	24,526 49
25 Gas Producing Plants.....	—	30,251 00
26 Telegraph and Telephone Lines.....	206 65	184 39
27 Signals and Interlockers.....	10,936 41	123,248 80
31 Power-Transmission Systems.....	2,695 07	5,073 10
37 Roadway Machines.....	56,762 48	50,886 97
38 Roadway Small Tools.....	1,476 39	1,476 39
39 Public Improvements — Construction.....	96,507 32	83,378 20
44 Shop Machinery.....	10,275 41	142,093 36
45 Power-Plant Machinery.....	5,164 54	21,763 59
Equipment	\$974,733 39	\$1,948,509 16
51 Steam Locomotives.....	\$13,664 19	\$2,229,251 82
52 Other Locomotives.....	188,792 34	188,792 34
53 Freight-Train Cars.....	54 28	2,701,198 16
54 Passenger-Train Cars.....	3,760 86	485,221 01
56 Floating Equipment.....	10,235 00	10,235 00
57 Work Equipment.....	51,817 64	193,390 88
58 Miscellaneous Equipment.....	11,224 79	1,715 49
General Expenditures	\$279,549 10	\$5,413,319 04
71 Organization Expenses.....	3 00	3 00
76 Interest During Construction.....	—	15,185 70
	3 00	15,182 70
Totals.....	\$1,254,285 49	\$7,377,010 90

Summary

Credit:		
Equipment Retired.....	\$5,692,868 14	
Land Sold and Property Retired.....	2,420,980 95	
Adjustment account of transfer of Ledger Value of Office Building, East Cambridge, Mass., from Carrier Property to Non-Carrier Property.....	517,447 30	
<i>Total Credits.....</i>	<i>\$8,631,296 39</i>	
<i>Gross Expenditures.....</i>	<i>1,254,285 49</i>	<i>\$7,377,010 90</i>
Distribution as follows:		
Credited to Capital Accounts.....	\$7,550,022 16	
Charged to Leased Roads.....	173,011 26	\$7,377,010 90

Italics indicate credit.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1939 — OWNED ROAD

CAPITAL STOCK	Amount Outstanding	Dividend Rate	Cumulative Dividends Unpaid Since Jan. 1, 1932—*Oct. 1, 1931	Amount in Hands of the Public	Owned and Pledged as Collateral, Deposited with Trustee, or Held in Treasury or in Insurance Fund**
Prior Preference.....	\$23,133,300 00	7 %	† \$56.00 per share	\$22,936,200 00	\$197,100 00
Prior Preference Negotiable Receipts.....	5,200 00			5,200 00	
First Preferred, Class A.....	18,860,000 00	5 %	* 41.25 per share	18,833,900 00	26,100 00
" " B.....	7,648,800 00	8 %	* 66.00 " "	7,648,800 00	
" " C.....	7,918,400 00	7 %	* 57.75 " "	7,910,000 00	8,400 00
" " D.....	4,327,000 00	10 %	* 82.50 " "	4,323,900 00	3,100 00
" " E.....	65,000 00	4½ %	* 37.125 " "	65,000 00	
Preferred.....	3,149,800 00	6 %	Non-cumulative	3,149,800 00	32,300 00
Common.....	39,505,100 00			39,472,800 00	
	\$104,612,600 00			\$104,345,600 00	\$267,000 00

FUNDED DEBT

General Mortgage Series Q	\$329,000 00	Feb.	2, 1940	5 %	\$245,000 00
" " R	2,787,000 00	May	1, 1940	5 %	2,639,000 00
" " S	500,000 00	Sept.	1, 1940	5 %	500,000 00
" " T	6,641,000 00	Sept.	1, 1941	5 %	5,841,000 00
" " U	500,000 00	Nov.	1, 1941	5 %	500,000 00
" " V	1,968,000 00	Mar.	1, 1942	5 %	1,897,000 00
" " W	1,670,000 00	Apr.	1, 1942	5 %	1,649,000 00
" " X	184,000 00	July	1, 1942	5 %	182,000 00
" " Y	2,500,000 00	Aug.	1, 1942	4 %	2,156,000 00
Series Y	958,000 00	Jan.	1, 1943	5 %	958,000 00
" " Z	1,541,000 00	May	1, 1943	5 %	1,538,000 00
" " Connecticut River	1,000,000 00	Sept.	1, 1943	4 %	961,000 00
" " "	6,000,000 00	Jan.	1, 1944	4 1/2 %	5,554,000 00
Series AA	7,053,000 00	Apr.	1, 1944	5 %	6,097,000 00
" " BB	170,000 00	Apr.	1, 1944	5 %	170,000 00
" " CC	612,000 00	Jan.	1, 1945	5 %	612,000 00
" " DD	2,108,500 00	June	1, 1945	5 %	1,883,500 00
" " EE	507,000 00	Jan.	1, 1946	5 %	447,000 00
" " FF	804,000 00	Jan.	1, 1947	5 %	801,000 00
" " GG	375,000 00	Apr.	1, 1947	5 %	375,000 00
" " NN	4,600,000 00	July	1, 1949	3 %	4,600,000 00
" " "	5,454,000 00	July	1, 1950	3 %	5,048,000 00
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"	"	Series KK.....	7,500,000 00	Mar.	1, 1952	5 %	14,794,000 00	7,500,000 00
"	"	" II.....	15,000,000 00	May	1, 1955	5 %		206,000 00
"	"	" MM.....	3,600,000 00	Apr.	1, 1956	5 %		3,600,000 00
"	"	" JJ.....	13,943,000 00	Apr.	1, 1961	4 3/4 %	13,833,000 00	110,000 00
"	"	" LL.....	17,500,000 00	June	1, 1962	6 %		17,500,000 00
"	"	" AC.....	30,942,000 00	Sept.	1, 1967	5 %	30,074,000 00	868,000 00
<i>Total Mortgage Bonds</i>			\$136,746,500 00				\$103,354,500 00	\$33,392,000 00
Equipment	Trust	No. 4 Trust Certificates.....	\$500,000 00	Apr.	1, 1940-43	4 1/2 %	\$500,000 00	
"	"	" 5.....	570,000 00	May	1, 1940-44	5 %	570,000 00	
"	"	" 6.....	1,748,000 00	June	1, 1940-49	4 %	1,748,000 00	
"	"	" 7.....	1,470,000 00	Dec.	1, 1940-44	3 1/2 %	1,470,000 00	
<i>Total Equipment Trust Obligations</i>			\$4,288,000 00				\$4,288,000 00	
Collateral	Notes	Series A.....	\$451,000 00	Mar.-Sept.	15, 1940-44	4 %	\$451,000 00	
"	"	" B.....	1,114,000 00	Mar.-Sept.	15, 1940-44	4 %	1,114,000 00	
"	"	" C.....	688,000 00	June-Dec.	1, 1940-43	4 %	688,000 00	
"	"	" D.....	1,400,000 00	Apr.	15, 1940-46	4 %	1,400,000 00	
<i>Total Collateral Notes</i>			\$3,653,000 00				\$3,653,000 00	
Contract-Electro	Motive	Corp.....	\$10,290 97	Sept.	11, 1941	4 %	\$10,290 97	
"	"	Gen. Motors Acceptance Corp.....	64,266 05	Sept.	11, 1941	4 %	64,266 05	
"	"	A. C. F. Motors.....	41,323 00	July	25, 1942	5 %	41,323 00	
"	"	Yellow Mfg. Co.....	11,832 00	Aug.	13, 1942	5 %	11,832 00	
"	"	Bethlehem Steel Corp.....	697,080 00	Aug.	15, 1942	4 %	697,080 00	
"	"	Lima Loco. Works.....	252,499 96	Jan.	1, 1943	3 1/2 %	252,499 96	
"	"	Baldwin Loco. Works.....	368,958 40	May	6, 1943	3 1/2 %	368,958 40	
"	"	Pullman Standard Car Mfgs.....	506,852 58	Sept.	1, 1943	3 %	506,852 58	
"	"	Gen. Motors Acceptance Corp.....	166,640 37	Aug.	1, 1946	4 %	166,640 37	
"	"	Electro Motive Corp.....	185,453 12	Jan.	1, 1948	3.8 %	185,453 12	
<i>Total Miscellaneous Obligations</i>			\$2,305,196 45				\$2,305,196 45	
<i>Grand Total Funded Debt</i>			\$146,992,696 45				\$113,600,696 45	\$33,392,000 00

**No interest accrued except on bonds held in Insurance Fund.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1939

Leased Roads

NAME OF ROAD AND DESCRIPTION	CAPITAL STOCK	
	Amount Outstanding	Dividend Rate (Paid as rental)
Nashua and Lowell.....	\$800,000 00	9 %
Stony Brook.....	300,000 00	7 %
Wilton.....	240,000 00	8 1/2 %
Peterborough.....	385,000 00	4 %
Concord and Portsmouth.....	350,000 00	7 %
Pemigewasset Valley.....	541,500 00	6 %
Northern.....	3,068,400 00	6 %
Vermont and Massachusetts.....	3,193,000 00	6 %
Troy and Bennington.....	150,800 00	10 %
Connecticut and Passumpsic Rivers — Preferred.....	2,500,000 00	6 %
Massawippi Valley.....	800,000 00	6 %
Vermont Valley.....	1,000,000 00	—
Sullivan County.....	500,000 00	—
Franklin & Tilton.....	265,600 00	—
Peterborough and Hillsborough.....	45,000 00	—
Newport & Richford.....	350,000 00	—
Concord & Claremont, N. H.....	412,400 00	—
<i>Total Capital Stock.....</i>	<i>\$14,901,700 00</i>	

FUNDED DEBT

	Bonds Outstanding	Date of Maturity	Rate
Peterborough and Hillsborough..... First Mortgage	\$100,000 00	July 1, 1941	4 1/2 %
Peterborough and Hillsborough..... Second Mortgage	65,000 00	Apr. 30, 1887	No interest
Newport & Richford..... First Mortgage	350,000 00	Jan. 1, 1941	5 %
Connecticut and Passumpsic Rivers..... First Mortgage	1,900,000 00	Apr. 1, 1943	4 %
Concord & Claremont, N. H..... First Mortgage	500,000 00	Jan. 1, 1944	5 %
Vermont Valley..... First Mortgage	1,500,000 00	Oct. 1, 1940	4 1/2 %
Sullivan County..... First Mortgage	357,000 00	Apr. 1, 1944	6 %
<i>Total Funded Debt.....</i>	<i>\$4,772,000 00</i>		

MILES OF ROAD OPERATED, DECEMBER 31, 1939

STEAM ROADS	Owned	Leased	Total
Main Lines.....	850 49	244 02	1,094 51
Branch Lines.....	536 91	189 81	726 72
Trackage Rights.....		89 11	89 11
<i>Total Road Operated.....</i>	<i>1,387 40</i>	<i>522 94</i>	<i>1,910 34</i>
Second Track.....	440 52	(A) 132 88	573 40
Third Track.....	4 40	(B) 5 53	9 93
Other Tracks.....	1,003 37	192 20	1,195 57
<i>Total Track Operated.....</i>	<i>2,835 69</i>	<i>853 55</i>	<i>3,689 24</i>

A Includes trackage rights, 17.62 miles.
B Includes trackage rights, .99 mile.

OPERATING STATISTICS

	Year Ended Dec. 31, 1939	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED		
Freight service.....	1,916.04	<i>23.20</i>
Passenger service.....	1,552.37	1.11
<i>Total</i>	1,938.70	19.10
TRAIN MILEAGE		
Freight service (with locomotives).....	3,253,681	291,671
Passenger service (with locomotives).....	6,214,507	127,201
Passenger service (without locomotives).....	501,274	81,737
Work service.....	99,896	116,012
<i>Total train miles</i>	10,069,358	221,123
*LOCOMOTIVE MILEAGE		
Freight service.....	3,921,549	359,181
Passenger service.....	6,540,616	140,180
Train switching.....	336,876	12,906
Yard switching.....	1,901,568	135,696
Work service.....	145,654	107,982
<i>Total locomotive miles</i>	12,846,263	539,981
CAR MILEAGE		
Freight-Train Car Miles:		
Loaded.....	112,360,832	12,459,578
Empty.....	53,202,564	7,806,400
Caboose.....	3,373,903	290,856
<i>Total freight-train car miles</i>	168,937,299	20,556,834
Passenger-Train Car Miles:		
Passenger coaches.....	13,707,739	69,882
Sleeping and parlor cars.....	3,881,096	127,445
Club, lounge, dining and observation cars.....	215,843	12,458
Business cars.....	16,753	2,423
Mail, express, and baggage cars, and combination cars other than passenger.....	14,672,837	151,420
Combination passenger cars (mail, express, or baggage with passenger).....	4,169,858	5,999
<i>Total passenger-train car miles</i>	36,664,126	29,893
<i>Total transportation service car miles</i>	205,601,425	20,586,727
AVERAGES		
Operating revenues per mile of road.....	\$23,903.17	\$3,373.48
Operating expenses per mile of road.....	17,090.79	360.36
Net railway operating income per mile of road.....	3,587.53	2,946.93
Operating revenues per train mile.....	\$ 4.65	\$.48
Operating expenses per train mile.....	3.32	.08
Net railway operating income per train mile.....	.70	.57
Total Freight cars per revenue train mile.....	50.88	1.83
Loaded Freight cars per revenue train mile.....	34.53	.80
Empty Freight cars per revenue train mile.....	16.35	1.03
Total Passenger cars per train mile.....	5.46	.03

* Includes 256,622 Electric locomotive miles, 16,656 Tractor locomotive miles and 421,494 Diesel locomotive miles
Italics indicate decrease.

TRAFFIC STATISTICS

	Year Ended Dec. 31, 1939	Increase or Decrease
FREIGHT		
Freight Revenue	\$33,193,562	\$5,581,398
Tons of revenue freight carried	15,381,718	2,274,551
Tons of company freight carried	1,484,647	220,961
<i>Total tons of freight carried</i>	<i>16,866,365</i>	<i>2,495,512</i>
Tons of revenue freight carried one mile	2,248,167,004	306,439,637
Tons of company freight carried one mile	128,563,070	14,540,806
<i>Total tons of freight carried one mile</i>	<i>2,376,730,074</i>	<i>320,980,443</i>
PASSENGER		
Passenger Revenue:		
Monthly commutation ticket passengers	\$610,530.98	<i>\$20,637.62</i>
All other commutation ticket passengers	926,592.63	<i>1,902.43</i>
Single fare ticket passengers (not including interline)	3,426,573.52	32,794.74
Interline ticket passengers	2,130,219.14	44,089.08
<i>Total passenger revenue</i>	<i>\$7,093,916.27</i>	<i>\$54,343.77</i>
Number of Passengers Carried:		
Monthly commutation ticket passengers	2,944,131	108,068
All other commutation ticket passengers	5,708,845	15,719
Single fare ticket passengers (not including interline)	6,646,978	397,263
Interline ticket passengers	963,246	15,462
<i>Total number of passengers carried</i>	<i>16,263,200</i>	<i>536,503</i>
Number of Passengers carried one mile:		
Monthly commutation ticket passengers	67,116,635	1,965,928
All other commutation ticket passengers	52,374,020	76,068
Single fare ticket passengers (not including interline)	164,070,654	4,068,391
Interline ticket passengers	85,952,924	2,195,600
<i>Total number of passengers carried one mile</i>	<i>369,514,233</i>	<i>8,304,887</i>
Number of passengers to and from Boston, including monthly ticket passengers ..	14,715,858	381,494
AVERAGES		
Freight:		
Miles hauled — revenue freight	146.16	1.98
Tons of revenue freight per train mile	690.96	35.42
Tons of revenue freight per loaded car mile	20.01	.57
Revenue per ton of freight	\$2.15799	\$.05134
Revenue per ton per mile	(cents) 1.476	.054
Revenue per revenue train mile	\$10.202	\$.880
Freight revenue per loaded car mile	(cents) 29.542	1.903
Passenger:		
Average distance carried per passenger (miles)	22.72	.23
Number of passengers per train mile	55.02	1.62
Number of passengers per car mile	16.98	.64
Revenue per passenger	(cents) 43.62	1.72
Revenue per passenger mile, monthly commutation ticket passengers	(cents) .910	.004
Revenue per passenger mile, other commutation ticket passengers	(cents) 1.769	.001
Revenue per passenger mile, single-fare not including interline	(cents) 2.088	.070
Revenue per passenger mile, interline passengers	(cents) 2.478	.111
Revenue per passenger mile, all passengers	(cents) 1.920	.057
Passenger revenue per passenger car mile	(cents) 32.603	.037
Total passenger service train revenue per train mile	\$1.560	\$.010

Italics indicate decrease.